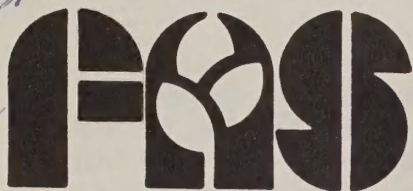


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United States
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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 20-82

WASHINGTON, May 19--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The Falklands dispute continues to focus attention on ARGENTINE grain exports. Exports in April set a record for that month and shipments continued heavy through mid-May. During April, Argentina shipped more than 1.4 million tons of corn and nearly 900,000 tons of sorghum, a combined coarse grain movement which exceeded last April's pace by more than 20 percent. An additional 900,000 tons of grain moved during the first 11 days of May. This indicates that Argentina's shipping schedule has not been disrupted.

The ARGENTINE Secretary of Agriculture said Argentina needs to expand exports to obtain the foreign exchange it needs to finance military operations in the Falkland Islands. He asked Argentine farmers to expand wheat sowing this year to 8 million hectares, about 25 percent above last season's area. Before his announcement, sowing was expected to increase only about 10 percent. If the area was increased by this amount, export availabilities would be up 1 to 2 million tons over current projections and 3 to 4 million tons over last year's 3.8 million. Although no economic incentives accompanied the secretary's request for expanded acreage, the Argentine peso was recently further devalued by 17 percent, boosting wheat prices for producers substantially.

In INDIA, unseasonal rainfall in the northern wheat-producing states of Punjab and Haryana is hurting this year's crop, according to the U.S. Agricultural Counselor in New Delhi. Untimely rains have delayed harvest operations. Heavy downpours since May 10 threaten India's prospects of reaching its second record harvest in the past two years. The quality of this year's wheat harvest is expected to suffer because of high moisture levels and possible sprout damage.

So far during the current marketing year (April-March), wheat procurements by the Indian Government are less than half of what they were in the same period last season. As the weather improves, government procurements should gain momentum. However, if domestic production drops significantly, total procurements could fall below target. This would raise possibility of 1982/83 Indian wheat imports exceeding the current forecast of 1.5 million tons.

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The AUSTRALIAN Wheat Board sold an additional 250,000 tons of wheat to Egypt for calendar 1982. This brings total Australian wheat sales to Egypt to 2.0 million tons and represents a record annual volume. The Australians have a 5-year supply agreement with Egypt. The pact was renewed in February 1981 and provides for sales of at least 1 million tons of wheat to Egypt annually. Egypt is one of Australia's biggest wheat buyers. Last season's December-November exports of 1.6 million tons made Egypt second only to the USSR as an importer of Australian wheat. Australia sent a record 1.8 million tons of wheat to Egypt in December 1979-November 1981, and has been supplying Egypt with more than a quarter of its total imports in recent years. Egypt's other major supplier is the United States, which shipped 2.3 million tons this past season, compared with 1.6 million tons in 1980/81.

OILSEEDS AND PRODUCTS

During January 1982, fishmeal production was down from January 1981, but exports gained, according to the Fishmeal Exporters Organization (FEO). The data are as follows in 1,000 metric tons:

Country	January 1981		January 1982	
	Production	Exports	Production	Exports
Chile	12.2	22.7	19.9	30.0
Iceland	6.2	11.3	2.7	17.4
Norway	10.3	16.0	14.9	13.4
Peru	65.7	22.1	42.6	41.2
South Africa	<u>15.6</u>	<u>9.6</u>	<u>0</u>	<u>0</u>
Total	110.0	81.7	80.1	102.0

Despite the fact that fishmeal exports by the FEO Countries in January 1982 exceeded production stocks on February 1 at 397,500 tons substantially exceeded the 252,600 tons of January 1981.

Since February, fishmeal prices (basis Europe) have declined while soybean meal prices have increased. As of the end of April the price of fishmeal dropped to only 1.43 times the price of soybean meal compared to 1.49 to 1.0 in February and 1.70 to 1.0 a year ago.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN Commission raised the EC export subsidies for poultry meat and eggs, effective May 1, 1982. The subsidy on exports of whole chickens, which make up the largest percentage of EC poultry shipments to other countries, went up about 6 percent and now stands at roughly 8 cents per pound. Export subsidies for chicken parts, table eggs and egg products also increased.

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In a related development, a FRENCH team reportedly was in Saudi Arabia during April to research the market for chicken parts. The research was conducted on behalf of four or five French poultry producers, and Saudi importers expect that the French may soon offer strong competition to U.S. suppliers of parts. As of May 1, the French had available EC export subsidies of about 9 cents per pound for chicken halves and quarters and roughly 11 cents per pound for chicken legs.

BRAZILIAN broiler production is expected to reach the 1.5 million-ton mark in 1982, a rise of 7 percent over last year's level. The expansion has slowed from recent years because of slack domestic demand and slower growth in exports. During 1982, exports are expected to increase by only 19 percent compared with a nearly 75-percent expansion in 1981 and more than 100 percent the year before.

Domestic demand for broilers in 1982 is forecast to be the same to slightly lower than in 1981 as a newly imposed 8-percent state ICM (value-added) tax on poultry products affects retail prices. Consumers might switch to lower grade beef, leaving the export market, which is exempt from the ICM tax to absorb the production increase.

Milk production in IRELAND is forecast at just over 4.9 million tons in 1982, 3 percent above 1981, according to the agriculture attache. Higher concentrated feeding, good spring pasture conditions, and an increase in the number of dairy cows all are expected to contribute to the rise. Most of the milk production boost is expected to be used for cheese production which is forecast to increase about 13 percent to 60,000 tons.

On May 10, 1982, ZIMBABWE's wholesale and retail prices of beef jumped about 30 percent because of a 22-percent increase in the price paid to producers by the Parastatal Cold Storage Commission. The price of expensive cuts of meat rose relatively more than inexpensive cuts. The Cold Storage Commission subsidized beef in the 1981-82 budget to keep the price low for consumers. However, higher beef prices will not reduce the beef subsidy in the 1982-83 budget, but will keep it at 1981-82 budget levels. This is expected to compensate for inflation and the increasing cost of production.

TOBACCO

During 1981, FRANCE imported 38,125 tons of unmanufactured tobacco, an increase of 12.5 percent from 1980. French imports from Turkey and the Philippines increased while imports from Argentina and Brazil dropped. Turkey, Paraguay and Brazil were the largest suppliers, accounting for 47 percent of the imported tobacco. Imports of U.S. leaf, which at 2,295 tons are only 6 percent of total imports, rose 59 percent from 1980, and were nearly back to the 1979 level of 2,505 tons.

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The manufacturing of all French tobacco products decreased in 1981, especially cigarettes which at 62.9 billion pieces dropped 13 percent from 1980. However, total sales in 1981 remained stable as imports made up for the reduction in domestic cigarette production. This continues to reflect the rising consumer preference for lighter tobacco types of cigarettes to which French producers have not yet been able to adjust.

According to trade sources, MEXICO sold 18,000 tons of unmanufactured tobacco in 1981, down 33 percent from 1980. Light tobacco shipments accounted for about 58 percent of Mexico's leaf exports. However, exports of light tobacco dropped about 46 percent from the 1980 level, while dark tobacco dropped slightly. The U.S. bought about 75 percent of all exports and the remainder went mostly to Europe. Exports of tobacco in 1982 are expected to decline further as a result of reduced demand for some of the leaf categories and increased domestic demand.

HORTICULTURAL AND TROPICAL PRODUCTS

UNITED STATES exports of frozen French fried potatoes in 1981 set a record of 39,332 metric tons valued at \$27.2 million. This was 18 percent higher than 1980 shipments of 33,261 tons and more than double the 1978 export level of 19,062 tons. The rapid expansion in the frozen French fry export market is attributed to the strong demand from Japan's western-style fast food industry. Japan bought 30,217 tons (\$20.6 million), or three-fourths of the 1981 U.S. exports. According to Japan's trade data, the United States captured 89 percent of the Japanese frozen potato import market in 1981. Canada supplied most of the remainder.

Other major export markets for U.S. French fries are also in the Far East. Hong Kong and Singapore bought 2,952 and 1,098 tons, respectively. Most of the balance of 1981 exports went to Venezuela, the Netherlands Antilles, Trinidad-Tobago and Mexico. U.S. frozen French fries are gaining in popularity abroad because of their size, uniformity, and superior quality.

According to the SOVIET UNION's fourth Spring Seeding Progress Report, as of May 10, the USSR planted an estimated 3.0 million hectares of sugarbeets or about 80 percent of the projected 3.7 million hectare goal for the 1982 crop. This is about 7 percent below sugarbeet planting levels in 1981. The Soviets are coming off an extremely poor 1981 beet crop of only 60.6 million tons, compared with 79.6 million in 1980.

Beet tonnage for 1981 fell some 50 million tons below the Soviets 11th Five-Year Plan target of 100 to 103 million and was the worst crop since 1963's 44.1 million. This disastrously poor crop was attributed, in part, to a widespread drought last June-August which depleted subsurface soil moisture in key producing areas, especially in the Ukraine and Russian Soviet Federated Socialist Republic.

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In addition, reports indicate that nematode infestation and poor results in applying imported nematicides were serious problems in beet-seed growing areas in Kirgizia and in beet-production areas as well. Heavy weed infestations were also reportedly a serious problem in many areas, particularly in the eastern Black Soil Zone.

SRI LANKA's tea production for January-March 1982 was 10,716 tons behind first-quarter 1981 levels because of a severe drought in key producing areas November 1981 through March 1982. After widespread rains in April, crop prospects for 1982 improved considerably. If weather remains good and tea prices stay strong, 1982 output could match last year's 210,000 tons.

Better yields in 1981 boosted Sri Lanka's tea production to 210,148 tons, 10 percent higher than 1980 output. This was the largest crop since 213,700 tons were harvested in 1975. Sri Lanka, the world's third largest tea producer after India and China, enjoyed excellent growing conditions throughout most of 1981. Sri Lanka produces tea at three elevation ranges all of which experienced outstanding crop in 1981. At 4,000 feet and above, production was 80,492 tons, up 11 percent from 1980 levels. At 2,000 to 4,000 feet the harvest was 59,345 tons, up 7 percent and at elevations of 2,000 feet and below production was 70,311 tons, up 11 percent from 1980.

The volume of cocoa bean grindings in several major EUROPEAN consuming countries rose strongly during the first quarter of 1982, while grindings in the United States declined slightly. The west German grind was 45,125 metric tons, 8.1 percent greater than the 41,739 tons of the corresponding period a year earlier. The United Kingdom grind jumped 18.2 percent to 25,300 tons from 21,400 tons and the Netherlands grind rose 6.7 percent to 38,440 tons from 36,040 tons in January-March 1981. However, first quarter U.S. grind fell 1.3 percent to 47,729 tons from 48,358 tons a year ago.

CAMEROON's 1981/82 cocoa bean crop is now estimated at 118,000 metric tons, compared with the revised estimate for the 1980/81 crop 119,511 tons. About 430,000 hectares are now planted to cocoa in Cameroon. Yield averaged 274 kilograms per hectare in 1981/82, down slightly from the previous season. Cameroon's Center-South and Southwest regions are by far the most important growing areas with 61 percent and 23 percent of the cocoa planted area, respectively.

The outlook for the upcoming season is for a crop of 120,000 tons. This assumes no major problems with weather, insects or diseases. All three of these factors have, to varying degrees, harmed Cameroon's cocoa crops in recent years.

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On May 6, the Government of TURKEY reduced the export deposit for raisins to a symbolic one lira (less than one US cent) per kilogram. In March, Turkey eliminated the minimum export price for raisins destined to the EC. The May 6 action was a response to an increase in EC subsidies on 25,000 tons of Greek raisins announced on April 16.

Before this reduction, Turkey required raisin exporters to deposit 27 lira (21 US cents) per kilogram. This money went into the price support and stabilization fund for shipments to the EC and 20 lira (15 US cents) per kilogram went for shipments to other destinations. The drastic reduction in this export deposit should help exporters dispose of at least half of the approximately 20,000 tons of uncommitted raisin stocks.

RECENT FOREIGN AGRICULTURE CIRCULARS

World Crop Production, WCP 5-82
Export Markets For U.S. Grain And Feed Commodities, FG 14-82
Initial 1982 USSR Grain Forecast 1/, FPED 5-82
World Tobacco Situation, FT 5-82
World Tea Situation, FTEA 2-82
World Meat and Egg Production and Trade-1981 and Outlook
for 1982, FL&P 1-82

TO ORDER, CONTACT: U.S. Department of Agriculture, FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 18, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWS-12.5%...	198.00	5.39	0
U.S. No. 2 DNS/NS: 14%.....	180.50	4.91	-7
U.S. No. 2 DHW/HW: 13.5%....	199.00	5.42	-2
U.S. No. 2 S.R.W.....	163.00	4.44	-19
U.S. No. 3 H.A.D.....	182.00	4.95	+5
Canadian No. 1 A: Durum.....	<u>1/</u>	<u>1/</u>	<u>1/</u>
Feed grains:			
U.S. No. 3 Yellow Corn.....	131.25	3.33	-4
U.S. No. 2 Sorghum <u>2/</u>	132.00	3.35	-3
Feed Barley <u>3/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Soybeans:			
U.S. No. 2 Yellow.....	269.25	7.33	+2
Brazil Soyameal Pellets 4/..	245.50	--	0 <u>5/</u>
U.S. 44% Soybean Meal (MT)..	235.00	--	0 <u>5/</u>
EC Import Levies			
Wheat <u>6/</u>	113.80	3.10	-16
Barley.....	88.80	1.93	-2
Corn.....	101.35	2.57	+3
Sorghum.....	95.10	2.42	-1

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis June delivery.

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